



Congress of the United States

House of Representatives

Washington, DC 20515

September 21, 2006

The Honorable Charles Taylor
Chairman
House Appropriations Committee
Subcommittee on Interior
B-306 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman:

As you may know, an article in today's *New York Times* has exposed another egregious example of apparent corruption at the Department of Interior, underscoring Inspector General Devaney's testimony before the House Government Reform Committee last week that "short of crime, anything goes" at the highest levels of the Interior Department. According to today's story, officials at the Department of Interior have suppressed the work of four government auditors attempting to recoup more than \$30 million in fraudulent underpayments of oil royalties for the American taxpayer.

We are concerned that failure by the House Resources Committee to address this issue and conduct proper oversight of the agencies involved, specifically the Minerals Management Service, has undermined efforts to correct waste, fraud and abuse at the Department of Interior, and has led to the underpayment of royalties for oil and gas. We believe that this Congress has a constitutional duty to oversee the executive branch of government and to protect the American taxpayer. But a consistent lack of oversight has possibly led some to believe that Congress is giving tacit support to some of the unacceptable and possibly illegal or unethical practices that have been exposed at the Department's MMS.

Since the authorizers have failed to do their duty, we respectfully call on you to protect the American taxpayer by immediately holding oversight hearings to investigate this extremely serious matter of oil royalty underpayments and possible corruption within the Department. Specifically, we request as a first step that you immediately request the Interior Department's Inspector General to testify before your Committee and address the following concerns:

- 1) The New York Times report regarding the four government auditors charged with monitoring leases for oil and gas on federal property who state that the Department of

Interior (DOI) suppressed their efforts to recover millions of dollars from oil and gas companies they said were cheating the government;

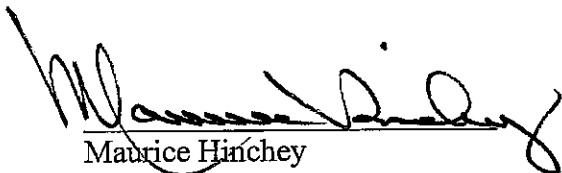
2) The effect of the stated "culture of corruption" as described by OIG Devaney on the royalty collection program at DOI in general, i.e., beyond just the 1998-1999 deepwater leases "bungling"; and

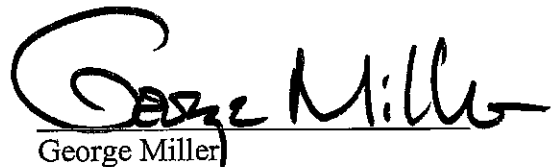
3) The effect that DOI's decreasing budget requests and allocation of resources has had on the Minerals Management Service (MMS) and State and Tribal auditing programs, and the effect this is having on ensuring that oil and gas lessees are actually making the correct payments. Further, we need to know if there is any truth to the allegation made by certain State and tribal auditors that their criticisms of MMS/DOI management of the royalty program has resulted in punitive reductions in their funding.

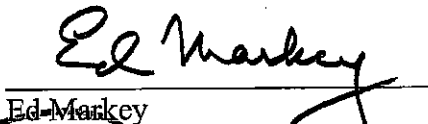
We hope you agree that to disregard Congress' duty to provide proper oversight of this matter is a failure to protect average taxpayers who must absorb the costs of reduced payments in royalties. It is our responsibility to fight on behalf of every taxpayer to ensure that companies fulfill their obligation to pay their fair share of oil and gas royalties.

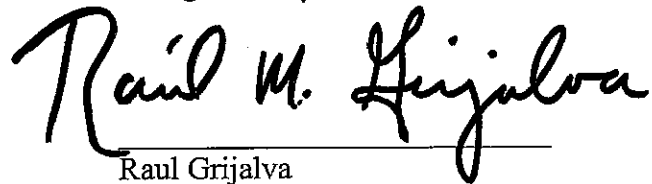
We appreciate your attention to this request and hope that you will act immediately on behalf of average Americans who are paying the price for these unacceptable practices.

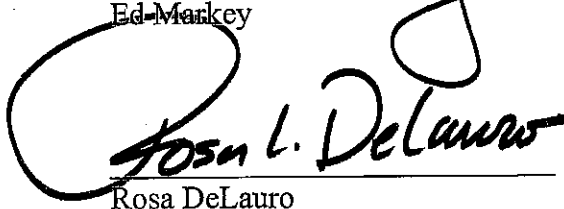
Sincerely,


Maurice Hinchey

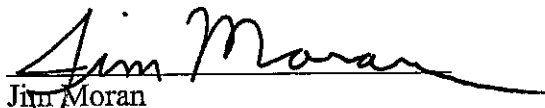

George Miller


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cc: The Honorable Norman Dicks, The Honorable Jerry Lewis, The Honorable David Obey